

REDACTED - FOR PUBLIC INSPECTION

Ellerbe Telephone
Lifeline Terms and Conditions
Line 1210

As a state regulated wireline carrier, Ellerbe Telephone offers Lifeline service in accordance with FCC rules and terms and conditions in its tariff. The terms and conditions of the tariff are included starting on the next page of this file.

Minutes of Use

Each Lifeline customer has unlimited local usage and is able to make local calls at no additional charge. Each Lifeline customer is also able to receive unlimited local and long distance calls at no additional charge.

Toll Charges

Each Lifeline customer is able to receive toll blocking to avoid incurring unexpected toll charges. In the event the customer would like to make toll calls then the customer is able to choose which long distance company they would like to use and then choose which rate plan is best for them.

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GENERAL SUBSCRIBER SERVICES TARIFF

ELLERBE
TELEPHONE COMPANY

SECTION 3
SIXTH REVISED PAGE 10
CANCELING FIFTH REVISED PAGE 10

ISSUED: December 18, 2013
EFFECTIVE DATE: January 1, 2014

DOCKET NO. P-100 SUB 133F
Allowed To Become Effective Pursuant
To G.S. 62-130 and G.S. 62-134

S3. BASIC LOCAL EXCHANGE SERVICE

DEC 27 2013

S3.11 LIFELINE

FILED
N.C. UTILITIES COMMISSION

OFFICIAL COPY
Feb 26 2014

S3.11.1 DESCRIPTION OF SERVICE:

- a. The Lifeline Program is designed to increase the availability of telecommunication services to low income subscribers by providing a credit to monthly recurring local service to qualifying residential subscribers. Basic terms and conditions are in compliance with the FCC's rules found in CFR § 54.410. Customers must be certified by the appropriate state agency that they participate in one of the following programs: Medicaid; Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps; Supplemental Security Income (SSI); Federal Public Housing Assistance (Section 8); Low-Income Home Energy Assistance Program (LIHEAP); National School Lunch Program's free lunch program; Temporary Assistance for Needy Families (TANF); or, be able to provide proof of household income which is at or below 135% of the annual Federal Poverty Guidelines for all States. Such certification must be provided to the Company. Specific terms and conditions are as prescribed by the North Carolina Utilities Commission and are set forth in this Tariff.
- b. Lifeline is supported by federal and state universal support mechanisms.
- c. Federal baseline support of \$9.25 is available to each Lifeline Service and is passed through to the subscriber. The total Lifeline credit available to an eligible customer in North Carolina is \$9.25. The amount of credit will not exceed the charge for local service, which includes access line, touch tone service, the Subscriber line charge and local usage. (C)
(C)

S3.11.2 REGULATIONS

a. General

- (1)
- (2) One low income credit is available per household and is applicable to the primary residential connection only. The name subscriber must be a current recipient of the low income assistance programs as identified in Section 3.11.2b following.
- (3) A lifeline customer may subscribe to any local service offering available to other residential customers

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GENERAL SUBSCRIBER SERVICES TARIFF

ELLERBE
TELEPHONE COMPANY

SECTION 3
SECOND REVISED PAGE 11
CANCELING FIRST REVISED PAGE 11

ISSUED: October 11, 2013
BY: President

EFFECTIVE: October 11, 2013

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S3. BASIC LOCAL EXCHANGE SERVICE

S3.11 LIFELINE (Continued)

3.11.2 REGULATIONS (Continued)

a. General (Continued)

- (4) Customized Code Restriction Option 2 as specified in Section 13.18.1e., and the Billed Number Screening as specified in Section 13.19 of this tariff, will be offered at no charge to the lifeline subscribers to establish toll blocking.
- (5) The deposit requirement is not applicable to a Lifeline customer who subscribes to toll blocking. If a Lifeline customer removes toll blocking prior to establishing an acceptable credit history, a deposit may be required.
- (6) A Lifeline subscriber's local service will not be disconnected for non-payment of regulated toll charges. Local service may be denied for non-payment of local calls in accordance with Section 2 of this Tariff. Access to toll service may be denied for non-payment of regulated tolls. In such cases Customized Code Restriction Option 2 and Billed Number Screening will be applied to the Lifeline Subscribers service at no charge. A lifeline subscriber's request for reconnection of local service will not be denied if the service was previously denied for non-payment of toll charges as long as all outstanding local charges are paid.
- (7) Partial payments made by customers will be applied first to local service charges, then to toll charges.
- (8) The presubscribed Interexchange Carrier Charge (PICC) will not be billed to Lifeline customers who subscribe to Customized Code Restriction Option 2 for toll blocking and who do not presubscribe to a long distance carrier.

b. Eligibility

- (1) To be eligible for a Lifeline credit, a customer must be a current recipient of any one of the following low income assistance programs.
 - (a) Temporary Assistance for Needy Families (TANF)
 - (b) Supplemental Security Income (SSI)

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To G.S. 82-130 and G.S. 82-134

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GENERAL SUBSCRIBER SERVICES TARIFF

ELLERBE
TELEPHONE COMPANY

SECTION 3
THIRD REVISED PAGE 12
CANCELING SECOND REVISED PAGE 12

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S3. BASIC LOCAL EXCHANGE SERVICE

S3.11 LIFELINE (Continued)

3.11.2 REGULATIONS (Continued)

b. Eligibility (Continued)

- (c) Supplemental Nutrition Assistance Program (SNAP)
- (d) Medicaid
- (e) Low Income Home Energy Assistance Program (LIHEAP)
- (f) Federal Public Housing Assistance (Section 8)
- (g) National School Lunch Program's free lunch program; or
- (i) Provide proof of household income which is at or below 135% of the annual Federal Poverty Guidelines.

(C)
|
(C)

- (2) A standard application form will be available only from the agency administering the qualifying program and not from the Company. All applications are subject to verification with the state agency responsible for administration of the qualifying program.

c. Certification

- (1) Proof of eligibility in any of the qualifying programs should be provided to the Company at the time of application of service. The Lifeline credit will not be established until proof of eligibility has been received by the company. If the customer requests installation prior to the Company's receipt of proof of eligibility, the requested service will be provided without the Lifeline credit. When eligibility documentation is provided subsequent to installation, the Lifeline credit will be provided on a going forward basis.
- (2) The Company will audit its records every 12 months working in conjunction with the appropriate state or federal agencies, for the purpose of determining continuing eligibility. Information obtained during such audit will be treated as confidential information to the extent required under State and Federal laws. The use or disclosure of information concerning enrollees will be limited to purposes directly connected with the administration of the Lifeline plan.
- (3) When a customer is determined to be ineligible as a result of an audit, the Company will send the customer a written notice of ineligibility. If the customer cannot provide eligibility documentation, the Lifeline credit will be discontinued.

(C)

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DOCKET NO. P-100 SUB 133f
Allowed To Become Effective Pursuant
To G.S. 62-130 and G.S. 62-134

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GENERAL SUBSCRIBER SERVICES TARIFF
REDACTED - FOR PUBLIC INSPECTION

ELLERBE
TELEPHONE COMPANY

SECTION 3
SEVENTH REVISED PAGE 13
CANCELING SIXTH REVISED PAGE 13

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S3. BASIC LOCAL EXCHANGE SERVICE

S3.11 LIFELINE (Continued)

3.11.3 RATES AND CHARGES

a. General

- (1) Lifeline is provided as a monthly credit and the eligible residential subscriber's access line bill for local service.
- (2) Service Charges in section 4 are applicable for installing or changing Lifeline service.
- (3)
- (4) The secondary service Order Charge in section 4 is not applicable when existing service is converted intact to Lifeline.

b. The total Lifeline Credit consist of one federal.

(C)

(1) Federal Credit

Monthly
Credit
\$9.25

(b) ALL PROGRAMS

(2)

(D)
|
(D)

DOCKET NO. P-100 SUB 133F
Allowed To Become Effective Pursuant
To G.S. 62-130 and G.S. 62-134

DEC 27 2013

FILED
N.C. UTILITIES COMMISSION

Feb 26 2014

USDA-RUS

OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS

BORROWER NAME
Ellebe Telephone Company

REDACTED - FOR PUBLIC INSPECTION

(Prepared with Audited Data)

INSTRUCTIONS: Submit report to RUS within 30 days after close of the period.
For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING
December, 2013

BORROWER DESIGNATION
NC0539

CERTIFICATION

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.
ALL INSURANCE REQUIRED BY 7 CFR PART 178A, CHAPTER XVI, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 178B OF 7 CFR CHAPTER XVI
(Check one of the following)

☐ All of the obligations under the RUS loan documents have been satisfied in all material respects

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) have specifically described in the Telecom Operating Report

DATE

PART A. BALANCE SHEET

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. LT Debt		
c. Notes Receivable			30. Current Mat. LT Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat. Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 thru 9)			39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on LT Debt		
a. Rural Development			42. Rescquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstanding & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity =

% of Total Assets

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION NC0539 REDACTED - FOR PUBLIC INSPECTION
INSTRUCTIONS- See RUS Bulletin 1744-2	PERIOD ENDING December, 2013

PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. Net Operating Revenues (1 thru 6 less 6)		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. Total Operating Expenses (8 thru 13)		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. Total Operating Taxes (17+18+19)		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. Total Fixed Charges (22+23+24-25)		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. Total Net Income or Margins (21+27+28+29+30-26)		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. Patronage Capital End-of-Year (40+41-42)		
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11) / 7]		
46. Operating Accrual Ratio [(14+20+26) / 7]		
47. TIER [(31+26) / 26]		
48. DSCR [(31+26+10+11) / 44]		

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS INSTRUCTIONS - See RUS Bulletin 1744-2						BORROWER DESIGNATION NC0539 PERIOD ENDED December, 2013	
Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION							
	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
EXCHANGE	B-1	R-1	BUSINESS	RESIDENTIAL	TOTAL	TOTAL (including fiber)	FIBER
	(a)	(b)	(a)	(b)	(c)	(a)	(b)
Ellerbe							
MobileWireless						0	
Route Mileage Outside Exchange Area						0.00	0.00
Total							
No. Exchanges							

<p>USDA-RUS</p> <p>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</p> <p>INSTRUCTIONS - See RUS Bulletin 1744-2</p>	<p>BORROWER DESIGNATION NC0539</p> <p>PERIOD ENDED December, 2013</p>
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Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION

4. BROADBAND SERVICE								
Details on Least Expensive Broadband Service								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Ellerbe								
Total								

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION NC0539
	PERIOD ENDING December, 2013

INSTRUCTIONS- See RUS Bulletin 1744-2

PART D. SYSTEM DATA

1 No Plant Employees	2 No Other Employees	3 Square Miles Served	4 Access Lines per Square Mile	5 Subscribers per Route Mile
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PART E. TOLL DATA

1. Study Area ID Code(s) a. _____ b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____	2. Types of Toll Settlements (Check one) Interstate: <input checked="" type="checkbox"/> Average Schedule <input type="checkbox"/> Cost Basis Intrastate: <input checked="" type="checkbox"/> Average Schedule <input type="checkbox"/> Cost Basis
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PART F. FUNDS INVESTED IN PLANT DURING YEAR

- | | |
|---|--|
| 1. RUS, RTB, & FFB Loan Funds Expended | |
| 2. Other Long-Term Loan Funds Expended | |
| 3. Funds Expended Under RUS Interim Approval | |
| 4. Other Short-Term Loan Funds Expended | |
| 5. General Funds Expended (Other than Interim) | |
| 6. Salvaged Materials | |
| 7. Contribution in Aid to Construction | |
| 8. Gross Additions to Telecom. Plant (1 thru 7) | |

PART G. INVESTMENTS IN AFFILIATED COMPANIES

INVESTMENTS (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year (b)	Income/Loss This Year (c)	Cumulative Investment To Date (d)	Cumulative Income/Loss To Date (e)	Current Balance (f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

USDA-RUS
OPERATING REPORT FOR
TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

NC0539

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PERIOD ENDING

December, 2013

PART H. CURRENT DEPRECIATION RATES

Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)



YES



NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

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USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION <div style="text-align: right;">NC0539</div>
INSTRUCTIONS – See help in the online application.	PERIOD ENDED <div style="text-align: right;">December, 2013</div>

PART I – STATEMENT OF CASH FLOWS	
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)	
CASH FLOWS FROM OPERATING ACTIVITIES	
2. Net Income	
<i>Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities</i>	
3. Add: Depreciation	
4. Add: Amortization	
5. Other (Explain)	
<i>Changes in Operating Assets and Liabilities</i>	
6. Decrease/(Increase) in Accounts Receivable	
7. Decrease/(Increase) in Materials and Inventory	
8. Decrease/(Increase) in Prepayments and Deferred Charges	
9. Decrease/(Increase) in Other Current Assets	
10. Increase/(Decrease) in Accounts Payable	
11. Increase/(Decrease) in Advance Billings & Payments	
12. Increase/(Decrease) in Other Current Liabilities	
13. Net Cash Provided/(Used) by Operations	
CASH FLOWS FROM FINANCING ACTIVITIES	
14. Decrease/(Increase) in Notes Receivable	
15. Increase/(Decrease) in Notes Payable	
16. Increase/(Decrease) in Customer Deposits	
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)	
18. Increase/(Decrease) in Other Liabilities & Deferred Credits	
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital	
20. Less: Payment of Dividends	
21. Less: Patronage Capital Credits Retired	
22. Other (Explain)	
23. Net Cash Provided/(Used) by Financing Activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
24. Net Capital Expenditures (Property, Plant & Equipment)	
25. Other Long-Term Investments	
26. Other Noncurrent Assets & Jurisdictional Differences	
27. Other (Explain)	
28. Net Cash Provided/(Used) by Investing Activities	
29. Net Increase/(Decrease) in Cash	
30. Ending Cash	

Revision Date 2010

USDA-RUS OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION NC0539
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2013
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

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USDA-RUS	BORROWER DESIGNATION
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	NC0539
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2013
CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

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EDDIE CARRICK, CPA, PC

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Ellerbe Telephone Company and Subsidiary
Ellerbe, North Carolina

Report on the Financial Statements

We have audited the accompanying consolidated balance sheets of Ellerbe Telephone Company and Subsidiary (the "Company") as of December 31, 2013 and 2012, and the related consolidated statements of stockholder's equity, income, comprehensive income, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ellerbe Telephone Company and Subsidiary as of December 31, 2013 and 2012 and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters**Other information**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules on pages 23 through 25 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the supplementary schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Governmental Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated June 9, 2014 on our consideration of Ellerbe Telephone Company and Subsidiary's internal controls over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Ellerbe Telephone Company and Subsidiary's internal control over financial reporting and compliance.



Eddie Carrick, CPA
Lexington, North Carolina

June 9, 2014